

SPORTSMAN'S COVE LODGE

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Fax: 907-209-5417

DATE: February 4, 2003

TIME: 11:00 AM

TO: Local Boundary Commission

FAX NO: 907-269-4539

FROM: Sallery Cove residents

FAX NO: 907-209-5417

SUBJECT: Proposed POW Borough

NO. OF PAGES: 10 Incl. cvr.

The following letters of opposition to the formation of a Prince of Wales Island Borough are submitted for inclusion into the public record of the hearing to be held by the LBC on February 8, 2003;

1. Ron Leighton dated January 31, 2003 - 3 pages;
2. Joan Leighton dated February 3, 2003 - 1 page;
3. Dan & Liz Williams dated February 2, 2003 - 2 pages;
4. Melvin & Jerilyn Fairbanks dated February 2, 2003 - 1 page;
5. Dennis & Mary Owens dated February 4, 2003; - 1 page;
6. Sportsman's Cove Lodge dated February 3, 2003 - 1 page

Thank you,

Residents of Sallery Cove
Prince of Wales Island

**PLEASE ACKNOWLEDGE RECEIPT OF THIS FAX AND THE SIX
(6) LETTERS VIA PHONE CALL TO RON LEIGHTON AT
907-723-2088**

State of Alaska
 Local Boundary Commission
 550 W. 7th Avenue Suite 1790
 Anchorage, Alaska 99051

January 31, 2003

Dear Commissioners:

I am writing you to express my concerns on the proposed formation of a Prince of Wales Island Borough.

State law provides certain guidelines in order for an area to become a Borough. Your Chapter 3 indicates that our proposed model Borough meets these standards. I disagree for all of the following reasons.

First of all, the statistics you use are very much outdated and inaccurate pertaining to our economy, population, unemployment levels, household income levels and real and true property taxable levels. I will address each of these in this letter of objection.

Prior to Governor Murkowski's statement to the paper on Ward Cove Cannery's closing where he describes the Ketchikan and outlying areas as an economic disaster, we were already realizing an economic disaster because of logging and construction cut backs, mill closures, timber related corporations filing bankruptcy and South Coast Construction Company, a major construction company, filing bankruptcy. Governor Murkowski also stated that he is going to work on having a million-acre State timber forest. According to the Forest Service there is no enough remaining timber selections on Prince of Wales Island and that is why they selected three community's watersheds to log in the Cholmondeley Environmental Impact Study. This selection will have to be within the Admiralty, Baranof and Chichagof Islands.

Prince of Wales had a Ward Cove fish processing plant in Craig, which closed and took with it hundreds of jobs. These job losses will not show up in any statistics until summer. The same with the construction jobs lost with South Coast that amount to about 400 jobs.

According to the Labor Department, the 12.70% unemployment rate you state is inaccurate and does not depict what is actual because of the recent 200 people drop in one years population. They explain that with the drop in population and because the people leaving left to find jobs. The true unemployment rate is much higher and not shown in the database. In the past seven years or more, the months of December, January and February show unemployment in the high teen to low twenties. Here are some examples:

January 1990	17%
January 2001	20.4%
January 2002	16.8%
January 2003	10.8%

The January 2003 is out of the norm because of the population drop. In addition, you say that there are 2660 employees on our island. Here is the breakdown;

2660 total employed
1024 are transient and non-island residents
933 are State and local government employed

The Forest Service employs 91 permanent year round employees. 30 of these are in Craig, 50 are in Thorne Bay and 11 others are in other areas. 56% of these are housed in government billets. There are 48 seasonal employees of which 99% are housed in government billets. None of these will pay property taxes. The Congress just signed legislation reducing the Forest Service budget by 30%. Because of this and because of the amount of work they need to do, this reduction will be done for the permanent employment area. This will also cause a drop in our population. The logging companies are targeting sales in the Admiralty, Baranof and Chichagof Islands and this

will further decline our population, as the major employment on island is timber related and will go with the companies. With the logging industry concentrating on islands further north we will see a decline in forest receipts.

You state that Prince of Wales has a coastal dive fishery. These figures should not be used, as it is very transient. A major portion of these boat and water based processors travel from outside Prince of Wales to fish, bringing with them their own crew, fuel, groceries and other related support items. They also are re-supplied by packers who re-supply in Ketchikan when and where they transport the fish product back to be processed. Because there are no major fish processing plants on the island there can be no raw fish tax. These transient people will not pay either property or sales tax.

Both the fishing and logging industry is considered transient. The logging industry brings in their employees from outside the workforce of Prince of Wales Island. They also re-supply their kitchen supplies, fuels and other items from Ketchikan. Their employees can use the company commissaries for getting any of their incidentals along with boots and rain gear from the commissary. Because of this and their salaries leaving the island they would not in the least contribute to either sales tax or property tax. This is considered one of the major job suppliers. The rest of the workforce is either part time and seasonal. Most leave after the season ends and return only if and when it re-opens. I say this because of Ward Cove Cannery not re-opening. With 1000 transient workers leaving for winter taking the money with them, this will not be available from sales tax.

For the most part, you have people remaining through the fall and winter on unemployment and subsistence. You mention that all Prince of Wales communities have common inter-related and integrated lifestyles. The only common thread is the gathering of subsistence products and lack of jobs. The reason for this is the lack of income and is as necessary as being employed in order to survive. This would be like saying that we have another common activity we share throughout the Island and that is breathing.

You mention that Prince of Wales Island is the 3rd largest island in the United States with 1500 miles of logging roads. All of the logging roads are not maintained and are in very bad shape. Most of them are closed and impassable. Because of this there is no simple transportation. During the year, our area has prolonged stretches of bad weather making it impossible to travel no matter what your needs, even in emergencies. This travel by boat or air is not simple. Sure, each community has boat and airplane docks but because of weather, it is impossible to travel. Planes don't fly in 35 M.P.H. and winds above that. Snow is also a factor to consider for the road system. The island does not have an adequate airline based in the proposed borough. Cities within the proposed borough can communicate with each other, but communication for the rest of the island is difficult and not easy.

State law states that for people 65 years and older the first \$150,000.00 of their taxable assessment shall be exempt from property tax. You say that the average value of homes on Prince of Wales is \$54,278.00 and is only 56% accurate. With this and the amount of property that is exempt because of restricted deeds, government owned and elder owned, property taxation is neither fair nor equitable. With the baby boomer generation reaching 60 and 65 years of age, a large amount of the population will not be paying property or sales tax. The cities of Craig, Klawock and Thorne Bay exempt age 60 and older from paying sales tax. They also exempt people who come to them from outside their communities from paying sales taxes so transient people whether employed or not are exempt.

In the four major communities on the island, there are trust lands and allotted lands that can not be taxed. How many incomes are counted in the various surveys that own land that is not taxable. This adds to the fair and equitable problem in creating this proposed borough.

The Regional and Village Indian Corporations own property that is non-taxable unless they are in the process of logging or have improved the property. 95% of these lands have already been logged and will not be ready to be logged for at least 100 years. Also these lands will not be improved for many years because all of the corporations are suffering financially. These corporations, next to the Federal Government, are the major landowners on the island.

Since 1990 approximately 600 people moved off the island. That amounts to an 11% drop in population. Last year 200 left which amounts to a 4 or 5% drop and it is estimated that population drops will be another 20% in the near future because of the logging jobs going north and the fish processing jobs being eliminated, not to mention the upcoming 30% cut in Forest Service jobs which will take an additional amount of Forest service support jobs also.

According to a recent 2002 Economic Trend Cost of Living study the average annual household earnings for Prince of Wales Island is \$20,508.00. This is well below the \$32,000.00 poverty level. Your own records show that 39% of the adults are not working and have an average income of about \$18,359.00 which adds credence to the study.

Because of the unstable population and because of the unusual high level of poverty together with the untaxable population of the island and because of the low average per capita property values, our economy can not support a Borough at this time. It is not in the best interest of the State or any other Government at this time. It certainly is not in the best interest of the already poverty stricken people. There is no stable permanent tax base at this time or the foreseeable future. Both the timber and fishing industries are realizing a very, very low slump with no sight in the near future for recovery.

Sincerely,

Ronald Leighton
P.O. Box 342
Kasaan, Alaska 99950-0340

Phone: (907) 723-2088

State of Alaska
Local Boundary Commission
550 West 7th Avenue Suite 1790
Anchorage, Alaska 99051

February 3, 2003

To Whom It May Concern:

First of all, I want to make it clear that I totally concur with the concerns my husband, Ronald Leighton, expressed in his letter to you of January 31, 2003. I need not go over those concerns again so I have attached a copy of his letter for your additional review. I am totally opposed to the formation of a borough on Prince of Wales Island.

There are some additional questions I would like answered. I am a Senior Citizen and live in a very remote location on the East Side of Prince of Wales Island. Also a concern is our financial status as we live on a fixed income.

I want some person in authority to inform me of just what benefits we can expect to receive by being included in the proposed borough, other than taxes.


We provide our own electricity.
We have our own water system.
We have our own sewage disposal system.
We pay garbage rates to the City of Kasaan.
We receive our mail in the City of Kasaan.
We live a subsistence lifestyle.
We purchase most of our supplies in Ketchikan.

If needed, the Alaska State Troopers or the United States Coast Guard would provide law enforcement. We have no roads and are only accessible by boat or plane. We take care of our own snow and ice removal in order to make emergency access available if needed.

Of the eight year round residents in our cove, five are retired; two work on the Alaska Marine Highway System and one is a fisherman.

If you will truly look at the above, maybe you can tell my just why a newly formed borough would benefit us in any way. It should be in the best interests of the State, but aren't the citizens of Alaska really the State? Prince Of Wales Island's economy is entirely too depressed to even think it could support additional government in the form of a borough.

Sincerely,


Joan L. Leighton
P.O. Box 342
Kasaan, Alaska 99950-0340

Phone: (907) 723-2088

**Dan & Liz Williams
P O Box 361
Kasaan, Alaska 99950**

February 2, 2003

**State of Alaska
Local Boundary Commission
550 W 7th Avenue - Suite 1790
Anchorage, Alaska 99051**

RE: Proposed formation of Prince of Wales Borough

We wish to go on record as opposed to the forming a Prince of Wales Borough at this time. We have been reading the CHAPTER 3, APPLICATION OF BOROUGH INCORPORATION STANDARDS . The information in that document is not current.

We are forty year residents of Alaska, retired, and living on Prince of Wales Island. The only access to our community of 8 year round residents is by boat or plane. To get to Craig we would be obliged to pay a seat fare from Ketchikan. That would be \$99.00 one way. The road system on Prince of Wales does not connect all the communities. The existing roads are mostly logging roads, not paved and not well maintained. Our community consists of 5 retired people, 1 fisherman and 2 ferry employees. All own their own property and are self sufficient not getting or requiring aid from any government entity.

We wish to go on record as opposed to the forming of a Prince of Wales Borough at this time. We have been reading the CHAPTER 3, APPLICATION OF BOROUGH INCORPORATION STANDARDS. The information in that document is not current and does not reflect the existing economic conditions. Such as the closure of the Cold Storage Plant in Craig and closure of the log sort facility at Thorne Bay , to name a few. Prince of Wales, along with the city of Ketchikan is currently struggling to survive disastrous economic times.

The document states that according to the 2000 census there are 4651 residents on Prince of Wales. However, the document does not state how many of them are adults or how many of the adults are workers. It does say that employment is at 39.9%. It also does not say how many people have moved away because of the various closures and subsequent loss of employment since the document was written. The current unemployment and population count are not reflected in this document. Also this document does not show the amount of private land that is not taxable. Such as land owned by the elderly, land with restricted deeds, land owned by native corporations and land owned by the government. With the current economic slump Prince of Wales residents, already struggling, cannot afford to fund a new government entity. The tax base to support and maintain a Prince of Wales Borough does not

currently exist on the Island.

We urge the Boundary Commission to deny formation of a Prince of Wales Borough until the economy strengthens. That no such Borough be formed until funding of such a Borough can be done in a fair and equitable manner without placing undue hardship on the Islands' residents.

Thank you,

Liz Williams
Dan Williams

Dan & Liz Williams

cc: Representative Albert Kookesh
Senator Georgianna Lincoln

Melvin & Jerilyn Fairbanks
P O Box 6896
Ketchikan, Alaska 99901

February 2, 2003

State of Alaska
Local Boundary Commission
550 W. 7TH Avenue - Suite 1790
Anchorage, Alaska 99501

We are writing to express our opposition to the forming of a Prince of Wales Island Borough. I am a commercial fisherman and a 26 year resident of Prince of Wales Island. There hasn't been any stability in the fishing industry in years and the last few years have been near disastrous. I troll fish in the summer and shrimp in the winter. The shrimp season used to be open from October through February. The competition is so great now that the allowable quotas are being met earlier each year. Over the last few years we are lucky if the shrimp season lasts through the month of October. The closure of the Cold storage plant in Craig is a good indication of the profitability of the fishing industry.

By personal experience I can vouch for the economic instability of the fishing industry. Any dependence on the currently suffering fishing industry contributing financial support to help form a Prince of Wales Borough is one more road block to the survival of an already endangered industry.

Prince of Wales Islands' current economy and working population cannot afford the cost of forming and maintaining a Borough. The economic data in CHAPTER 3, APPLICATION OF BOROUGH STANDARDS is out dated and in no way reflects the true current economic conditions on Prince of Wales Island. We reaffirm our adamant objection to placing any more financial burdens on the working residents of Prince of Wales at this time.

Sincerely,


Melvin & Jerilyn Fairbanks

cc: Representative, Albert Kookesh
Senator Georgianna Lincoln

February 4, 2003

State of Alaska
Local Boundary Commission
550 W 7th Avenue – Suite 1790
Anchorage, Alaska 99051


Re: Proposed formation of Prince of Wales Island Borough

We would like to go on record as opposing the formation of a Prince of Wales Island Borough. We have been wading through the incorporation standards, the CS for Senate Bill #48, and the Application of Borough Incorporation Standards Chapter 3. We feel a closer look at the statistics for Southeast Alaska and in particular Prince of Wales is necessary. Our declining population and unemployment rate is higher than stated. Too many groups of people are exempt from the future taxation: senior citizens and Native corporations on the Island and transient workers. This will put a greater burden on the rest of the taxpayers. There is an estimated 39.9% of the adult population is not working. Where is the tax base to support and maintain a Prince of Wales Borough? The closure of the Cold Storage Plant in Craig and the closure of the log sort facility in Thorne Bay along with constructions jobs with South Coast is proof of the struggling economy of the Island. The estimated per capita household income is \$18,359 well below the poverty level.

We have chosen Prince of Wales Island as our home. However, we live in an unroaded area and that should not change in the foreseeable future. It is easier for me to get into Ketchikan to do business than it is Craig. We fly to Ketchikan, as it is cheaper than flying to Craig. If we are incorporated into a borough, what will it do for us except cost money? We have the State Troopers when needed. The roads on the Island do not connect all the communities and many of us do not want them to connect. This keeps the Island residents isolated from one another so it would not be a working borough for all.

There are many reasons we oppose the formation of a Prince of Wales Borough but the economic factors are the most pressing. Until the funding of a Borough can be done in a fair and equitable manner without further hardship on the residents of the Island, there should be no borough formed.

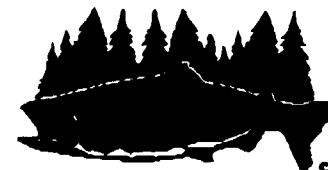
Thank you,


Dennis and Mary Owens



PO Box 8771
Ketchikan, Alaska 99901

Cc: Representative Albert Kookesh
Senator Georgianna Lincoln



Sportsman's Cove Lodge
Alaska's Friendly World Class Sportfishing

Post Office Box 9618
Ketchikan AK 99901

February 3, 2003

Local Boundary Commission
550 West 7th Avenue - Suite 1770
Anchorage, AK 99051 - 3510

Re: Opposition to the formation of a Prince of Wales Island Borough

My family and I operate Sportsman's Cove Lodge, in Saltery Cove, on the eastern shore of Prince of Wales Island. We employ a staff of 32 people in season, 8 of which are year-round. I am a 19 year resident of Alaska, 13 years here in Saltery Cove.

We are adamantly opposed to more government on our island. All of the reasons are very well documented in the letters you have received from my neighbors, in particular the Leightons and the Williams. I urge you to review their concerns carefully. Their points are well researched and are substantiated not only by existing documentation but by their own personal observations and experience. They offer a valuable perspective that you, as decision makers would do well to consider.

In short, our concerns are centered around the following issues:

- The data being used to support the need for a borough on POWI - Borough Incorporation Standards, Chapter 3 - is inaccurate and outdated;
- There is not an adequate tax base to support another local government entity on the island. Ample evidence is available to show that a borough at this time would result in negative revenues;
- The vast majority of this sparsely populated island, the third largest in the United States, lives in remote settings where any services provided by borough agencies would be not only expensive to administer, but also ineffectual;
- The shrinking population of the island is for the most part totally self-sufficient, has always been that way, and is not in need of, nor desires, any assistance from any government beyond what is already available.

In summary, a Prince of Wales Island Borough is a bad concept at the wrong time.

Sincerely,

Larry McQuarrie, CEO
Southeast Alaska Sportfishing Adventures, Inc..
d.b.a. Sportsman's Cove Lodge